

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 USIA-15

PRS-01 DRC-01 /177 W

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 3311

INFO USMISSION OECD PARIS

LIMITED OFFICIAL USE ROME 2262

E.O. 11652: N/A

TAGS: ENRG, IT

SUBJECT: ENERGY: DOMESTIC OIL PRICE INCREASES

1. IN COURSE OF CONVERSATION WITH GUAZZARONI, DIR-GEN ECONOMIC AFFAIRS, ECON-COMM MINISTER RAISED QUESTION OF SITUATION OIL COMPANIES, INCLUDING U.S. COMPANIES, WHOSE CONTROLLED PRICES DO NOT REFLECT JAN 1 INCREASES IN CRUDE COSTS. STRESSING THAT HE WAS SPEAKING WITHOUT INSTRUCTIONS, ECMIN TOLD GUAZZARONI THAT HE SHOULD KNOW THAT THE COMPANIES ARE LOSING MONEY AT AN ALARMING RATE, COULD BE FORCED OUT OF BUSINESS WITHIN A RELATIVELY SHORT TIME, AND THAT, ON THE BASIS OF OUR SOUNDINGS WE ARE CONCERNED OVER THE POSSIBLE EFFECTS ON THE INVESTMENT CLIMATE IN ITALY.

2. GUAZZARONI REPLIED THAT THE PRICE PROBLEM IS GENERAL THE GOI IS ENGAGED IN EFFORT TO KEEP DOWN PRICES ACROSS THE BOARD. HE SAID THE GOI RECOGNIZES THAT THE INTERNATIONAL COMPANIES NEED A PRICE INCREASE,

THAT IT IS IN THE NATIONAL INTEREST THAT THEY REMAIN, AND THAT THEY ARE THE LOWEST COST SUPPLIERS OF CRUDE. GUAZZARONI MEN-

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TIONED THAT GOI IS TRYING TO LIMIT INCREASES IN FUEL OIL PRICE BECAUSE OF ITS WIDESPREAD EFFECT ON COSTS THROUGHOUT THE

ECONOMY. HE HOPES THAT THE PRICE INCREASES CAN BE DECIDED WITHIN
THE NEXT WEEK. VOLPE

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Message Attributes

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